BUSINESS, ENTREPRENEURSHIP AND VALUE CHAIN DEVELOPMENT IN ETHIOPIAN AGRICULTURE

Incorporating business, entrepreneurship and value chain concepts into the Ethiopian Occupational Standards (EOS) and Guidelines for Teaching, Training and Learning Materials (TTLM)

ABSTRACT
The objective of this guide is to contribute to the development of capacities of teaching and non-teaching personnel and students in business, entrepreneurship and value chain development, and to improve the agri-business sector in Ethiopia.
Developed through the ATTSVE Project by Dalhousie University Faculty of Agriculture and Mennonite Economic Development Associates (MEDA)

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## ACRONYMS

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<th>Description</th>
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<tr>
<td>ATTSVE</td>
<td>Agricultural Transformation Through Stronger Vocational Education</td>
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<tr>
<td>ATVET</td>
<td>Agriculture Technical Vocational Education and Training</td>
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<tr>
<td>CoC</td>
<td>Certificate of Competency</td>
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<td>DA</td>
<td>Development Agent</td>
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<td>EOS</td>
<td>Ethiopia Occupational Standards</td>
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<td>GoE</td>
<td>Government of Ethiopia</td>
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<td>MEDA</td>
<td>Mennonite Economic Development Associates</td>
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<tr>
<td>NTQF</td>
<td>National TVET Qualification Framework</td>
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<tr>
<td>SMART</td>
<td>Specific, Measurable, Achievable, Results-focused, Time-bound</td>
</tr>
<tr>
<td>TTLM</td>
<td>Teacher Training &amp; Learning Materials</td>
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<tr>
<td>TVET</td>
<td>Technical Vocational Education and Training</td>
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</table>
INTRODUCTION

Objectives Of This Guide: Building An Entrepreneurial Teaching Culture

We hope that you will find this guide useful in your work as an Agriculture Technical Vocational Education and Training (ATVET) instructor or in your work with ATVET instructors. The objective of this guide is to contribute to the development of capacities of teaching and non-teaching personnel and students specifically related to entrepreneurship, business management and value chain development. This guide will provide an overview of key areas of the Occupational Standards (OS) and curriculum where these skills may be incorporated as well as strategies to effectively teach these skills within the classroom through developing effective Teaching, Training and Learning Materials (TTLM). This guide will provide both general principles for effectively teaching these skills as well as sample activities that you may adapt to your classroom as you develop your own TTLM.

Rational for the Incorporation of Business, Entrepreneurship and Value Chain Concepts in ATVET Curriculum

Traditionally, students attending ATVETs within Ethiopia complete training as a Development Agent (DA) with the goal of gaining employment with the government in a Farmer Training Center (FTC). While this employment path is a great option for many graduating students, there are currently not enough positions available for all graduates to take this career path. Given this reality, it is important to equip graduates to pursue jobs in other areas of agriculture. Working for an agricultural enterprise or starting their own business as an entrepreneur are two great opportunities; however, to pursue jobs in these areas, graduates need skills related to business, entrepreneurship and value chain development.

In order to effectively operate or contribute to a business in the agricultural sector, including as an individual farmer, students need to have a grasp of key business planning and management concepts as well as develop entrepreneurial skills and attitudes. Students also need to understand key concepts related to value chain development to select a profitable value chain to focus on as well as identify appropriate market opportunities within that value chain. These skills are also essential for those students who do pursue a career as a DA so that they can effectively support farmers in managing their businesses and selecting profitable value chains in which to operate.

The Ethiopian government has committed to mainstreaming entrepreneurship within the ATVET curriculum with the ultimate goal of improving employment and self-employment opportunities for graduating students. By providing students with skills related to entrepreneurship, business management and value chain development, graduates have additional career options upon
graduation and can more effectively support their families and contribute to the development of the Ethiopian economy.

To this end, this guide is intended to prepare ATVET instructors and management teams to effectively incorporate business, entrepreneurship and value chain development into its curriculum, drawing on the experience of the ATTSVE project in the recent development/revision of a number of specialty programs. This guide will also support the development of TTLM to effectively teach these skills within the classroom.

**Curriculum in ATVETs: Ethiopian Occupational Standards**

Ethiopia has embarked on a process of reforming its Technical and Vocational Education (TVET) system. Within the policies and strategies of the Ethiopian Government, technology transformation by using international standards and international best practices as the basis, and, adopting, adapting and verifying them in the Ethiopian context is a pivotal element. TVET is given an important role with regard to technology transfer. The new paradigm in the outcome-based TVET system is the orientation at the current and anticipated future demand of the economy and the labor market.

The Ethiopia Occupational Standards (EOS) are the core element of the Ethiopian National TVET Strategy and an important factor within the context of the National TVET Qualification Framework (NTQF). They are national Ethiopia standards, which define the occupational requirements. A key feature in mainstreaming the themes of business, entrepreneurship and value chain development is to ensure that work in this area aims to support and enhance the implementation of the EOS.
PART 1 - BUSINESS, ENTREPRENEURSHIP AND VALUE CHAIN DEVELOPMENT: A BRIEF BACKGROUND

Understanding business planning and management

It is important for students studying to work in the agriculture sector to understand business planning and management concepts and how businesses in this industry function and thrive. Whether students chose to become entrepreneurs or provide services to farming businesses as DAs, understanding business planning and management is key to building successful agriculture in Ethiopia. Steps to starting or growing a business include conducting business research and analysis, creating a business model and, finally, developing the model into a full-fledged business plan.

Business research is an essential first step in business planning because it helps the new business or entrepreneur to identify promising business opportunities and risks, customer needs, competitors and suppliers and, ultimately, to formulate appropriate businesses strategies. It can also help existing businesses to develop growth strategies such as expansion, diversification or acquisition.

Before new businesses or entrepreneurs begin conducting research, they should formulate a research plan to determine the information needed, research questions, research methods and key information sources. Business research should include market/value chain mapping in which the business planning team determines where they are in the value chain, the role they play, their potential customers, customer needs, suppliers and competitors. Research methods that the business planning team can employ include the following:

1. **Secondary Research** – Gathering market information from publications and other existing sources of data
2. **Focus Group Discussions** – A discussion led by a facilitator with a group of similar respondents for the purpose of gathering market information
3. **Surveys** – Conducted with a target enterprise, supplier or customer/consumer
4. **In-depth Interviews** – An interview which gathers detailed information about the respondent and the relevant issues related to that respondent.

Businesses analysis is another important step in business planning. It is the practice of enabling change in a business by defining needs and recommending solutions that deliver value to stakeholders. While conducting business analysis it is important to look at both internal and external factors which affect your business. Although you can’t control external factors it is critical to understand how they affect your business. Key business analysis tools include SWOT Analysis, PESTLE Analysis and Porter’s 5 Forces. The SWOT Analysis looks at both internal and external factors, identifying strengths, weaknesses, opportunities and threats which may impact
the business. PESTLE and Porter’s 5 Forces focus exclusively on external factors. PESTLE focuses on political, economic, social, technological, legal and environmental influences while Porter’s 5 Forces is a tool for analyzing business competition (see diagram below).

Once a new business or entrepreneur finishes business research and analysis, they are ready to develop a business model. The exercise of developing a business model and writing a business plan provides the entrepreneurial team with the opportunity to organize their collective insights about the company and the business opportunity, as well as how they plan to achieve their objectives. The business plan is the product, but the planning process is more important. Planning, tracking, reviewing and setting goals, and executing the plan are the foundation of running a business. A helpful guide for business planning, which captures the key components of a business plan, is a business model. We recommend using a variation of the business model canvas which is a very common business-planning tool.

This business model canvas tool utilized by MEDA is comprised of nine key elements which the company must address in their business plan:

1. **Customer Problem** – The business planning team must identify the customer’s current or potential problem or need their product responds to.
2. **Existing Alternatives** – The business planning team must identify alternative solutions to the customer’s problem and major competitors in the industry. This process should include competitor analysis.

3. **Solution/Value Proposition** – The business planning team must formulate a statement that clearly and concisely describes the unique value of a firm or group’s products and services, the solution to a problem they provide, and what sets them apart from competitors.

4. **Segment or Customers** – The business planning team must identify the specific customer segment and problem for which their product/service offers a competitive solution.

5. **Channels/Marketing** – The business planning team must identify the marketing channels through which they will deliver their product or service to the end customer/consumer (e.g. selling directly to consumers, through retailers or through wholesalers). They must also identify their *marketing mix* or tactics employed to promote their brand or product (see figure 2 below for further details).

6. **Key Resources/Stakeholders** – The business planning team must identify the services and partners the company needs to produce and market its product (e.g. NGOs, business banks, Bureau of Agriculture agents).

7. **Success Measurement** – The business planning team must determine how they will measure their success using key performance indicators such as sales, revenue, customer loyalty, retention and satisfaction, operating productivity, size of gross margin, monthly profit or loss, and employee satisfaction.

8. **Revenue/Business Value and Cost Structure** – The business planning team must identify their revenue streams and their potential as well as their costs and what they are dependent on.

9. **Capital Requirements and Funding Sources** – The business planning team must determine the capital the company will require for growth, their current funding sources and additional funding needs.

This tool is intended to capture the key elements of a business in one page, answering the key questions outlined below in a table or canvas that quickly and succinctly outlines the key elements of the business:

**1-page Business Model Canvas**
<table>
<thead>
<tr>
<th>1. <strong>Customer Problem/Need</strong></th>
<th>2. <strong>Existing Alternatives</strong></th>
<th>3. <strong>Solution/Value Proposition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- What is the customer problem or need which you want to address?</td>
<td>- What is currently available and what alternative products or services are available to the customer?</td>
<td>- What is my solution or value proposition and why is that better than the existing alternatives?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. <strong>Segment or Customers</strong></th>
<th>5. <strong>Channels/Marketing</strong></th>
<th>6. <strong>Key Resources/Stakeholders</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Which segment of the market am I best able to provide a competitive solution?</td>
<td>- How will I reach my target market segment? Which market channels will I use?</td>
<td>- Who and what are the key resources required to make this business successful?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. <strong>Success Measurement</strong></th>
<th>8. <strong>Revenue/Business Value and Cost Structure</strong></th>
<th>9. <strong>Capital Requirements and Funding Sources</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- How will I measure success?</td>
<td>- What are the revenue streams and their potential? - What are my costs and what are they dependent on?</td>
<td>- What capital do I require to finance the growth of my business? - What are my current funding sources? What other funding sources can I access?</td>
</tr>
</tbody>
</table>

Once a company has completed their 1-page business model canvas, they are better prepared to create a full business plan. A business plan is a document that maps an enterprise’s plan for success and profitability. It describes the enterprise, what it produces and how, the risks it faces and how to mitigate them, and its financial situation and capital requirements. The business plan draws directly from the 1-page business model, providing further details on each element of the business.

A business plan enables you to demonstrate to stakeholders, including partners and investors, that there is potential for considerable growth in your selected industry/value chain. It should illustrate that your company is capable of achieving significant market power with a sustainable
and unique product or service offering. The four key elements of a business plan are the following:

1. A high quality product or service that directly responds to a customer’s need
2. A good marketing plan
3. Sound financial management procedure and practice
4. The impact you want your business to have on society

A business plan typically contains the following sections, again expanding upon the ideas presented in the one-page business model canvas outlined above:

1. **Executive Summary** – A brief description of the enterprise and a summary of the key elements of the business model
2. **Company Profile** – Company background, vision and mission, critical success factors
3. **Key Personnel** – A brief summary of key personnel, their roles, skills and experience
4. **Market Environment and Customer Overview** – Target market and customers, market opportunity, competitive landscape
5. **Marketing and Sales Plan** – Highlight key elements of Marketing Mix (product, price, promotion and place)
6. **Operations Plan** – Production overview, operations challenges and strategies, inputs and suppliers
7. **Environmental and Social Plan** – A brief overview of ways the business will have an environmental and social (including gender) impact. This section should include both potential positive and negative impacts and outline how potential negative impacts will be mitigated against.
8. **Risk Management** – Outline of key risks including risk management plan
9. **Performance Management Plan** – Chart including key goals, targets and activities
10. **Financial Plan** – Plan outlining financial assumptions and forecasts, budget and capital requirements and financing plan.

Effective management is also integral to ensuring the success of a business. Business management refers to the activities associated with running a company such as controlling, leading, monitoring, organizing and planning. Business management is essentially putting your business plan into action and reviewing and adjusting your plan over time. Key elements of business management include managing operations, human resources, finances and marketing.

Operations refers to the process of transforming input resources (materials and/or customers as well as facilities and staff) and transforming them into outputs (products and services). The operations manager is responsible for managing people, assets, and costs (efficiency).
Human resources management is primarily concerned with the management of people within organizations, focusing on policies and on systems. The goal of human resources managers is to maximize employee performance in service of an employer's strategic objectives.

The two central concerns of financial management are: a) whether or not the business has the money necessary to cover current costs and invest in growth and b) whether or not the business is using all of its resources as efficiently as possible. To gather and track this information, a financial manager must develop skills in preparing and analyzing financial reports, and applying the lessons learned from the financial analysis.

Marketing management involves the following key activities: market research and analysis (including competitor analysis), the development of marketing and financial objectives and goals, marketing strategies, marketing mix (see image below), marketing budget, monitoring and evaluating market response and making necessary adjustments to the business plan based on this information.

Figure 2: [http://www.relativemarketing.co.uk/wp-content/uploads/2015/08/the-marketing-mix.jpg](http://www.relativemarketing.co.uk/wp-content/uploads/2015/08/the-marketing-mix.jpg)
Understanding entrepreneurship

It is important for students studying agriculture to understand the concept and practice of entrepreneurship. Entrepreneurship is key to successful and sustainable economic development and to the agriculture sector as individual farmers are also entrepreneurs.

Entrepreneurship is the process of designing, launching and running a new business. An entrepreneur runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. One way to understand the skills and characteristics of a successful entrepreneur is through the “Ten Ds of an Entrepreneur:”

1) **Dream**: Entrepreneurs have a vision of what the future could be like or them and their businesses. And, more importantly, they have the ability to implement their vision.

2) **Decisiveness**: They don’t procrastinate. They make decisions swiftly. Their swiftness provides a key factor in their success.

3) **Doers**: Once they decide on a course of action, they implement it as quickly as possible.

4) **Determination**: They implement their ventures with total commitment. They seldom give up, even when confronted by obstacles that seem insurmountable.

5) **Dedication**: They are totally dedicated to their business. They work tirelessly. Twelve-hour days and seven-day work weeks are not uncommon when an entrepreneur is striving to get a business off the ground.

6) **Devotion**: Entrepreneurs love what they do. It is that love that sustains them when the going gets tough. And it is love of their product or service that makes them so effective at selling it.

7) **Details**: It is said that the devil resides in the details. That is never more true than in starting and growing a business. The entrepreneur must stay on top of the critical details.

8) **Destiny**: They want to be in charge of their own destiny rather than depend on an employer.

9) **Dollars**: Getting rich is not the prime motivator of entrepreneurs. Money is more a measure of their success. They assume that if they succeed they will be rewarded.

10) **Distribute**: Entrepreneurs distribute the ownership of their businesses with key employees who are critical to the success of the business.

Entrepreneurs are often innovators as well. History shows us that entrepreneurs have been responsible for many of the revolutionary products and services that changed the way that people around the world live and work. Automobiles, airplanes and computers are just a few of the products developed by innovative entrepreneurs in recent history. Innovative entrepreneurs have also proven to be more in touch with consumer needs and demands than large companies and have made significant contributions to industries like communication, entertainment and healthcare.
Entrepreneurship has proven to be a necessary element for stimulating economic growth and employment opportunities in societies around the world. In developing countries in particular, entrepreneurs and their small businesses create the highest proportion of jobs and contribute to income growth and poverty reduction. In addition to job creation, entrepreneurial activity often increases competition and, with technological or operational changes, it can increase productivity as well. For these reasons, it is essential for governments to provide the necessary support and services to entrepreneurs and small businesses as a strategy for economic growth. Government strategies that encourage entrepreneurship include changes in tax policy, regulatory policy, access to capital, the legal protection of property rights, provision of business information and award programs.

Understanding value chain development

Value chain development is a key concept in agricultural and agribusiness. It is important for students to understand how value chains and wider market systems work as well as how to effectively identify and take advantage of market opportunities in promising value chains. Value chain development is an approach designed for entrepreneurs and those employed by them that aims to build income for the poorest of the economically active. It builds access for micro and small enterprises to inputs, financial services and technology and integrates them into growing markets. It focuses on multiple levels of a value chain (not only producers) and facilitates value chain actors’ successful participation in the market instead of providing services directly.

To begin, it is important that students and instructors have an understanding of a number of key concepts and definitions, including the definition of a value chain itself. A value chain encompasses the full range of activities and services by market actors required to bring a product or service from its conception to end use and beyond. A value chain is a way of viewing the activities of enterprises not as isolated actors but as units linked to local, national, and international consumers through market systems. Value chains include producers, processors, input suppliers, exporters, and retailers and encompasses the interrelationships of these enterprises.

Value chains operate within the context of a broader market system (see diagram below). A market system is the network of buyers, sellers and other actors that come together to trade in a given product or service. The participants in a market system include:

- Direct market players such as producers, buyers and consumers
- Suppliers of supporting goods and services such as finance, equipment and business consulting
- Entities that influence the business environment such as regulatory agencies, infrastructure providers and business associations
By understanding value chain concepts and developing the skills needed to identify promising value chains and market opportunities, students can develop enterprises and produce agricultural products in areas with growing demand. They may be able to identify gaps which offer un-tapped business opportunities. A value chain approach also encourages students to think beyond production and look at opportunities to participate in the market as input suppliers, processors or support service providers.

In addition, by utilizing a value chain approach, entrepreneurs and their enterprises can generate positive, sustained impacts for large numbers of people, empowering them to increase their incomes, sales and assets through market engagement. Value chain development is a proven methodology that employs participatory methods and leverages commercial incentives to address poverty at scale. Basic principles of value chain development include the following:

1. **Significant, Pro-Poor Impact**
   a. working on multiple levels of the value chain allows the impact to reach a high number of small enterprises, substantially increasing incomes and creating long term benefits

2. **Tailored, Demand Driven**
   a. customized to target populations, their context, and identified market opportunity
   b. tailored to specific challenges faced by diverse targets, including marginalized populations
   c. driven by demands and/or needs of target clients
3. **Sustainable**
   a. commercially sustainable with solutions offered by businesses on a profitable basis
   b. avoids making direct investments in start-ups or existing businesses and instead act as facilitators to catalyze the market
   c. environmentally sustainable
   d. socially sustainable (inclusion of marginalized, women, disabled, youth)

4. **Promotion of Empowerment**
   a. Seeks to empower the poor through market literacy and address power imbalances
   b. Encourages strong relationships based on trust and cooperation
   c. Strategies that enhance capacity of value chain actors to address future constraints during and after a project

5. **Develop Market Systems**
   a. Focus work beyond target businesses, handful of value chain players
   b. Need to strengthen entire market and work with more than just a few actors to strength system
   c. Explore activities at all levels of the value chain
   d. Support whole market – often means focusing on more inclusive market relationships.

6. **Encourage Innovation and Entrepreneurship**
   a. Encouraging new models, technologies and means of collaboration
   b. Promote innovative solutions
   c. Seek out partners with similar values and vision

7. **Stimulate Market Take-Up**
   a. Ensuring new entrants to market to increase reach and impact for microenterprises
   b. Promote benefits to others – demonstration effects
   c. Build learning systems to help foster and train new entrants to market

8. **End Market Driven**
   a. Activities and interventions must be driven by the different end market opportunities
   b. Local, national, regional and international markets
   c. Value Chain actors must be equipped to identify and respond to trends and changes on an ongoing basis
Business, entrepreneurship and value chain development in agriculture:

Context

We have established that business, entrepreneurship and value chain development are key ingredients for sustainable economic development. Because most of the world’s developing countries rely on agriculture as a key economic sector, it follows that business, entrepreneurship and value chain development in agriculture are essential to their success. According to the World Bank, seventy-five percent of the world’s poor live in rural areas and most are involved in agriculture. For this reason, agriculture remains fundamental to economic growth, poverty alleviation, and environmental sustainability. For rural populations and economies to succeed, farmers must increase their productivity and agricultural value chains must become more efficient and expand their market engagement.

On a basic level entrepreneurship is key to agriculture because to be a farmer is to be an entrepreneur. Farming is a business and a successful farmer must possess each of the “Ten Ds” of entrepreneurship outlined above. They also possess other important key characteristics of an entrepreneur. They must excel at identifying businesses opportunities and markets for their products. They must learn from mistakes, be action-oriented and understand what it takes to succeed. The must also seek outside help, such as agricultural extension services, financial services and employees to supplement their knowledge and abilities to create a profitable enterprise.

Understanding the role of business skills in agriculture is also essential for students learning to work in this industry. In order to increase the contributions of the agricultural sector to economic growth, the businesses operating in this sector must be efficient and profitable. Students planning to work in agricultural and agribusinesses must be knowledgeable in business planning and management, product development, financial management, marketing and value addition. Building skills in these areas will prepare them to make innovative contributions to the agriculture industry and to create and manage profitable enterprises.

It is also necessary to understand value chain development concepts to address the changing needs of the market and ensure the development of successful agribusinesses. Once you have identified the sub-sector or value chain where there are market opportunities, then it is important to research the various actors, relationships, roles and support services within that value chain to identify the barriers and opportunities available. In general, there are three steps to planning a value chain initiative that focuses on developing solutions and interventions that build on opportunities and overcome the barriers to reaching markets.

First, you should look for value chains that have a) a strong presence of small enterprises (or potential for more), b) access to expanding markets, growth potential or increased incomes, c) potential to be more inclusive (women, youth, poor), d) access to better inputs/improved quality, e) supply-demand gaps, f) potential for sustainability and g)opportunities for small
enterprises to scale up. Second, identify key constraints that are minimizing small enterprises’ profitable participation in the value chain. Third, determine the most efficient solutions to decrease or remove these barriers and plan shorter term interventions to help stimulate the desired change. In order to gather the information needed to make such a selection and plan an initiative, an entrepreneur or enterprise must conduct market research. Market research will help the entrepreneur or enterprise to gather information on all parts of the value chain as well as the end markets, the enabling environment and related socio-economic issues to inform initiative focus and design.

**Business, entrepreneurship and value chain development in agriculture: Ethiopian context**

Agriculture remains an essential sector to support economic growth and poverty alleviation in Ethiopia. Numerous national government policies and initiatives as well as other donor funded interventions agree that the next phase of economic growth must involve the evolution of Ethiopian agriculture from a system that is largely subsistence-based to one that is increasingly market-oriented. In alignment with this approach, the government of Ethiopia’s priority is increasingly focused on entrepreneurial, market-oriented agricultural production of high-value commodities including teff, wheat, maize, livestock (meat/leather), cash crops (fruit/vegetables), oil seeds, flowers, and coffee.

Through market research, the ATTSEVE project identified promising value chains in each of the regions of Ethiopia where the participating ATVETS are located. In Maychew, located in Tigray, honey and potato value chains were identified because of the expanding market opportunities in these sectors. In Nejo, located in Oromia, the coffee value chain was identified due to national recognition of the area as a source of high-quality coffee and the growing consumer demand for the product. Honey was also identified for both market demand and as a sector that is more accessible for women and youth as it requires minimal land and time commitment to produce. In Soddo, located in SNNPR, honey and poultry were identified as particularly promising. Many women and youth are already engaged in production and sale of these commodities, making these value chains particularly accessible to these more vulnerable groups of the population, which also have strong and growing markets. Rice and vegetable value chains were identified as potential priorities in Woreta, located in Amhara region. The environment is very conducive to rice production and there is strong potential for locally produced varieties to substitute for imported rice. Vegetables were selected because of the potential to enter higher value markets such as exports. These are just some of the value chains which showed particular promise based on MEDA’s assessment of the market opportunities in the areas surrounding project focus ATVETs.
While these value chains present strong opportunities for development of the agricultural economy in Ethiopia, market-oriented systems are essential. It follows that business skills, entrepreneurship opportunities and value chain development are all important factors in building a successful agricultural industry in Ethiopia. An important mechanism for building capacity in these areas is through incorporating these skills directly into the ATVET curriculum.
PART 2 - BUSINESS, ENTREPRENEURSHIP AND VALUE CHAIN DEVELOPMENT IN THE CURRICULUM AND THE CLASSROOM

Key Skills

The following skills related to Entrepreneurship, Business Management and Value Chain Development have been incorporated into the EOS for the specialty curriculum developed as part of the ATTSVE project, based on an assessment of the skills needed in the marketplace. It is recommended that these skills also be considered for incorporation into other curriculum developed for ATVETs in Ethiopia in the future. Use your discretion to add the following skills to the most appropriate level for your program and adapt accordingly:

1. Develop Product/Service
2. Add Value to agricultural commodity
3. Market agricultural commodity and related products
4. Plan Business
5. Manage Finances
6. Manage Business

General Guidance for Developing Entrepreneurship, Business Management and Value Chain Development-Focused TTLM

Developing a quality lesson plan is a skill that instructors apply in their everyday work; however, creating a lesson plan that includes the cross-cutting themes of business management, entrepreneurship and value chain development involves a specific set of skills:

- One way for instructors to teach business skills is to expose their students to professionals working in their field of study through talks by industry and “shadow” days. These activities help students to visualize themselves as business men and women and carefully consider the realities of the profession.
- Encourage and expect students to improve their communication and numeracy skills. Successful business men and women must be able to understand business concepts, communicate them and generate new ideas based on these concepts. They must also understand basic mathematics to effectively manage finances.
- In order to effectively teach business and entrepreneurship, instructors must create a participatory learning environment. Incorporate activities into the curriculum that require students to identify a problem related to agribusiness in their community or region, develop a solution, and think critically to develop products and services that respond to the problem.
• General competencies related to cross-cutting themes of business management, entrepreneurship and value chain development include: learning from successes and failures, taking risks, communicating with stakeholders, empowering team members, articulating a vision, demonstrating analytical skills, promoting gender equity, showing initiative, determination and commitment, empathizing, demonstrating creativity, thoroughness and attention to detail, giving/receiving constructive feedback, demonstrating flexibility, reliability and adaptability, practicing active listening, developing teamwork skills, accepting individual differences, demonstrating professional integrity, demonstrating problem solving, leadership and time-management skills and improving personal motivation. It is important for instructors teaching business skills to incorporate these general competencies into the curriculum and classroom activities.

Using Teaching and Learning Materials that Incorporate Business, Entrepreneurship and Value Chain Development

As in all TTLM, when developing materials to offer instruction on business, entrepreneurship and value chain development, materials should incorporate teaching and learning pedagogy for interactive classrooms, student participation and engagement. TTLM in Ethiopia is required to achieve a 70:30 skills: theory ratio for inclusive and interactive activities and skills training. There are a number of strategies and methods which are particularly effective for teaching these specific themes which are outlined below. This guide will also offer recommendations on types of activities to consider for the specific skills recommended for inclusion in the curriculum.

Methods/Pedagogy

Role plays – Conducting role plays offers the opportunity for students to practice a number of key skills in an interactive and engaging way. This method is particularly useful for practicing skills related to market research, giving students the opportunity to conduct mock focus groups and in-depth interviews with their classmates.

Field Visits – Field visits offer students the opportunities to visit businesses and marketplaces to practice skills such as conducting market research, as well as gain an understanding of the competitive environment, available market opportunities and strategies utilized by other businesses. This method can be quite effective as it gets students out of the classroom and emphasizes that the skills they are learning are applicable in the real world as well as offers context specific and up-to-date information.

Talks by Industry – Another teaching option is to bring successful business owners or other market actors into the classroom to speak to students about their experiences. Consider inviting guests who specialize in the specific topic which you are covering, such as Finance or Operations
as well as young entrepreneurs who can offer lessons and motivation to students who may be interested in starting their own businesses in the future.

**Online/digital resources** – If your ATVET has access to a computer lab and internet connectivity, there are many digital and online resources available which focus on these topics. For example, MEDA and CARE offer a free e-course hosted on MicroLinks which provides an overview of core principles of value chain development (see the Resources section of this guide for further details).

**Case Studies** – The use of case studies offers students the opportunity to apply concepts to specific examples to solidify their understanding of these topics and apply critical thinking and problem-solving skills. Where possible, select case studies which are relevant to students with respect to geography, commodity, time period, etc.

**Small Group Discussion** – This method offers students the opportunity to share their ideas and discuss key questions in smaller groups, where they might be more comfortable sharing their ideas and perspectives. There should, however be clear direction given by the instructor as well as a time limit to keep students on task and productive.

**“Shadow” Days** – Encourage students to “shadow” a successful agribusiness owner to expose them to the realities of work in the industry. Later, ask them to reflect on their experiences and share with other students. You can also provide an opportunity for the students to critique their own experiences and discuss how they might run their own business differently.

**Picture Making** – In this method, students make a simple illustration of a concept. This method is especially effective for developing models such as value chain mapping or business models. Divide students into small groups and assign each group a particular enterprise or value chain to model.

**Peer Learning** – This method gives students the opportunity to demonstrate what they’ve learned by teaching and learning from each other. This method would be useful after students create business models. Each student can present their business model to a small group and other group members can offer advice on how to improve the model.

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**Teaching Core Skills**

The key elements of the major skill categories outlined above as well as strategies and sample activities to effectively teach these skills in the classroom are described in further detail below.

1. **Develop Product/Service**

**Overview:**
Developing a product or service that responds to a customer need is at the center of entrepreneurship and successful business design. The first step in developing a business idea is to research, assess and analyze the market and the value chain in which the product or service would operate. Once an entrepreneur better understands the customer need and market environment, he or she can successful develop a product or service for that market.

**Key Elements of Competence:**

1. **Research the market** - Market research is essential to identifying customer needs and determining a target population. It also includes value chain mapping to understand where a product or service would fit in the market. Research methods/tools may include secondary sources, key informant interviews, market observation, in-depth interviews, focus group discussions, stakeholder meetings and action research.

2. **Assess the market** – Assessing the market is important for the entrepreneur to identify value chain actors, competitors, and market opportunities and challenges.

3. **Analyze the market** – Analyzing the market and potential business opportunities should include internal and external analysis. Tools such as SWOT and PESTLE Analysis as well as Porter’s 5 Forces may be used. These methods of analysis assist the entrepreneur in anticipating challenges and further refining their initial business ideas.

4. **Identify Business opportunities** - The information gathered through market research, assessment and analysis better equips entrepreneurs to identify business opportunities. Once the entrepreneur has identified options, he or she can select an opportunity based on profitability or importance.

**Guidance for Developing TTLM:**

It is important in teaching these competencies to provide opportunities for students to practice these skills individually and in groups. For example, picture making (e.g. value chain mapping) can be done in small groups so that students can brainstorm and learn from each other. Students can also conduct SWOT analysis and practice human value chain exercises (outlined below) in small groups. Market research can be practiced on field visits or through role plays (see market observation exercise below) and should include student engagement in market observation. Online/media resources can also be helpful in teaching students about business planning and product development.

**Sample Activities:**

**Activity 1:** Market Observation Role Play: Divide the class into small groups of approximately 5 students. Provide each group with one of the market scenarios included below. Give each group 10 minutes to develop a role play which portrays their assigned market scenario. Distribute the Market Observation Data Collection sheet and ask for a volunteer group to present their role play to the group. As the rest of the class to take on the role of market observers and to complete
the data collection sheet provided. You may repeat this process for additional groups as time allows. Following each presentation conduct a debrief asking students to identify what key items they observed about the market through observing the market scenario. Emphasize to the group how much can be learned by simply watching market interactions.

_Potential Variation_ – Rather than asking students to role-play market scenarios, take the students to a public market to observe real market interactions. Provide them with the handout below to record their observations.

**SCENARIOS**

Group 1
Consumers visit a local market in a small rural town in Ethiopia. The consumers want to purchase honey from a small vendor. The consumers are very concerned about the price that is offered. They mention that they have spoken to other vendors who have offered a lower price. They negotiate with the vendor for a better price and pay in cash for a small quantity of honey.

Group 2
Consumers visit a large market in Addis Ababa (the capital of Ethiopia). The consumers want to purchase a large quantity of sweet potatoes from a wholesaler. The consumer is very concerned about the quality of the potatoes as well as the price. The consumer cites the current market price of sweet potatoes and negotiates with wholesaler offers to include delivery in the cost of the product.

Group 3
Consumers visit a market in Soddo (a mid-sized city in southern Ethiopia). The consumers want to purchase fresh tomatoes from a medium-sized vendor. The consumer is very concerned about the quality of the product being offered. They ask the vendor many questions about how the tomatoes were grown including whether or not pesticides were used. They do not negotiate and accept the price suggested by the vendor. The price is determined based on the high quality of the product.

Group 4
Consumers visit a market in Addis Ababa (the capital of Ethiopia). The consumers want to buy eggs from a medium-sized vendor. There are a man and woman working at the vendor stall; however, the man handles all of the negotiations. When the consumer asks the women about prices she says that the consumer should talk to her husband. The consumer negotiates intensely with the vendor and is very rude when the vendor will not lower the price of the product.
Market Observation – Data Collection Work Sheet (From the MEDA toolkit)

Use one data collection sheet for each different situation observed.

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation Observed</td>
<td></td>
</tr>
<tr>
<td>Date / Time</td>
<td></td>
</tr>
<tr>
<td>General Comment</td>
<td></td>
</tr>
<tr>
<td>Follow up Required</td>
<td></td>
</tr>
</tbody>
</table>

**Research Questions**

- Use the blank spaces below to insert information gathered from observation

<table>
<thead>
<tr>
<th>Question</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the buyers and sellers? Are they men, women or both?</td>
<td></td>
</tr>
<tr>
<td>Do the transactions appear to be based on price, quality or a combination of the two?</td>
<td></td>
</tr>
<tr>
<td>Do buyers and sellers demonstrate respectful behavior towards one another?</td>
<td></td>
</tr>
<tr>
<td>How is the price determined? Is there negotiation for price? Are international prices considered?</td>
<td></td>
</tr>
<tr>
<td>Does it appear that there are any services included (or embedded)?</td>
<td></td>
</tr>
<tr>
<td>Other comments, observations, questions raised and follow-up ideas</td>
<td></td>
</tr>
</tbody>
</table>
Activity 2: SWOT Exercise: Have your students identify a potential business opportunity and think critically about their business idea by completing a SWOT analysis using the template below.

Potential Variations: You can also adapt this activity by providing students with a case study of another business and ask them to fill in the SWOT template based on their analysis. The business may be presented through a video or written case study example. One other variation is to provide students with a list of strengths, weaknesses, opportunities, and threats (cut out the sentences and mix them up) and get them to place the descriptions in the appropriate box in the template (see example below). This can be followed by a discussion of the business.

Raindrops Basmati Rice Example SWOT Analysis

| Strengths                                      | • Strongest procurement network with presence in all the basmati ‘mandis’ in the basmati paddy producing areas in India  
|                                               | • One of the country’s largest parboiled rice facilities & advanced rice processing units supplied by leading global suppliers in food technology  
|                                               | • Availability at 100,000 retailers in India along with modern format stores such as Walmart, Carrefour, Big Bazaar, and Spencer’s Retail etc  
|                                               | • Strategic use of all available resources leads to reduced cost of production thus enabling delivery at the most competitive prices |
| Weaknesses                                    | • Lack of marketing leads to poor brand recall among consumers  
|                                               | • Relatively high pricing causes consumers to look for other alternative brands which in turn leads to lost opportunities to connect with consumers and establish a brand connect  
|                                               | • Overdependence on rice farmers for supply of raw rice |
| Opportunities                                 | • Use of high quality rice in preparations of delicacies such as banana bread, Spanish rice, oat meals etc. will increase the export demand  
|                                               | • India is one of the fastest growing food markets in the world which presents a huge opportunity  
|                                               | • 3. IPR of the word “Basmati” rice which is produced only in India and Pakistan due to agro-climatic conditions enables the producers to command a greater price from the global markets |
| Threats                                       | • Any change in the consumption pattern of Basmati rice or reduction in demand could adversely affect profitability  
|                                               | • Due to seasonal nature of rice cultivation, anomalies in weather condition during that period can have adverse impact on production  
<p>|                                               | • Removal of minimum export price cap from export of basmati rice may invite new competitors |</p>
<table>
<thead>
<tr>
<th>Criteria Examples</th>
<th>Internal Factors</th>
<th>Helpful Strengths</th>
<th>Harmful Weaknesses</th>
<th>Criteria Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Capabilities</td>
<td>• Gaps in Capabilities</td>
<td>• Lack of Competitive Strength</td>
<td>• Reputations, presence and reach</td>
<td>• Financials</td>
</tr>
<tr>
<td>• Competitive Advantages</td>
<td>• Lack of Competitive Strength</td>
<td>• Own known vulnerabilities</td>
<td>• Timescales, deadlines and pressures</td>
<td>• Cash-flow, start-up cash driven</td>
</tr>
<tr>
<td>• USPs (Unique Selling Points)</td>
<td>• Reputations, presence and reach</td>
<td>• Continuity, supply chain robustness</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
</tr>
<tr>
<td>• Resources, Assets, People</td>
<td>• Financials</td>
<td>• Own known vulnerabilities</td>
<td>• Continuity, supply chain robustness</td>
<td>• Morale, commitment, leadership</td>
</tr>
<tr>
<td>• Experience, knowledge, data</td>
<td>• Timescales, deadlines and pressures</td>
<td>• Cash-flow, start-up cash driven</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
</tr>
<tr>
<td>• Financial Reserves, Likely Returns</td>
<td>• Financials</td>
<td>• Continuity, supply chain robustness</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
</tr>
<tr>
<td>• Marketing – reach, distribution, awareness</td>
<td>• Timescales, deadlines and pressures</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
</tr>
<tr>
<td>• Innovative aspects</td>
<td>• Cash-flow, start-up cash driven</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
</tr>
<tr>
<td>• Location and geographical</td>
<td>• Continuity, supply chain robustness</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
</tr>
<tr>
<td>• Price, value, quality</td>
<td>• Effects on core activities, distraction</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
<td>•体会，承诺，领导力</td>
</tr>
<tr>
<td>• Accreditations, qualifications, certifications</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
<td>•体会，承诺，领导力</td>
<td>•体会，承诺，领导力</td>
</tr>
<tr>
<td>• Process, systems, IT, communications</td>
<td>• Reliability of data, plan predictability</td>
<td>• Morale, commitment, leadership</td>
<td>•体会，承诺，领导力</td>
<td>•体会，承诺，领导力</td>
</tr>
<tr>
<td>Criteria Examples</td>
<td>Opportunities</td>
<td>Threats</td>
<td></td>
<td>Criteria Examples</td>
</tr>
<tr>
<td>• Market developments</td>
<td>• Political effects</td>
<td>• Legislative effects</td>
<td>• Environmental effects</td>
<td>• IT developments</td>
</tr>
<tr>
<td>• Competitor’s vulnerabilities</td>
<td>• Legislative effects</td>
<td>• Environmental effects</td>
<td>• IT developments</td>
<td>• Competitor interventions</td>
</tr>
<tr>
<td>• Industry or lifestyle trends</td>
<td>• IT developments</td>
<td>• Competitor interventions</td>
<td>• New technologies, services, ideas</td>
<td>• Vital contracts and partners</td>
</tr>
<tr>
<td>• Technology, development and innovation</td>
<td>• New technologies, services, ideas</td>
<td>• Vital contracts and partners</td>
<td>• Sustainable financial backing</td>
<td>• Sustaining internal capacities</td>
</tr>
<tr>
<td>• Global influences</td>
<td>• Vital contracts and partners</td>
<td>• Sustainable financial backing</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
</tr>
<tr>
<td>• Niche markets</td>
<td>• Sustainable financial backing</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
<td>• Insurmountable weaknesses</td>
</tr>
<tr>
<td>• Geographical, import, export</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
<td>• Insurmountable weaknesses</td>
<td>• Loss of key staff</td>
</tr>
<tr>
<td>• New USPs</td>
<td>• Obstacles faced</td>
<td>• Insurmountable weaknesses</td>
<td>• Loss of key staff</td>
<td>• Sustaining internal capacities</td>
</tr>
<tr>
<td>• Business and product development</td>
<td>• Insurmountable weaknesses</td>
<td>• Loss of key staff</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
</tr>
<tr>
<td>• Information and research</td>
<td>• Loss of key staff</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
<td>• Insurmountable weaknesses</td>
</tr>
<tr>
<td>• Partnerships, agencies</td>
<td>• Sustaining internal capacities</td>
<td>• Obstacles faced</td>
<td>• Insurmountable weaknesses</td>
<td>• Loss of key staff</td>
</tr>
<tr>
<td>Criteria Examples</td>
<td>Helpful</td>
<td>Harmful</td>
<td>External Factors</td>
<td>Helpful</td>
</tr>
<tr>
<td>• Political effects</td>
<td>• Economic – home, abroad</td>
<td>• Seasonality, weather effects</td>
<td>• Economic – home, abroad</td>
<td>• Seasonality, weather effects</td>
</tr>
</tbody>
</table>
Activity 3: Building a Value Chain: This is a simple exercise that can be used as students are just being introduced to value chain concepts. Provide students with the following list of actors and ask them to draw a value chain on a piece of paper. Ask for a volunteer to share their value chain with the group – during the debrief review the correct answer as well as which roles various actors play within the value chain (ie: input supplier, producer, wholesaler, retailer).

List of Value Chain Actors

Correct Answer:

Activity 4: Human Value Chain Exercise: Cut out and distribute the profile cards below among your students. Each card has a profile for a sample actor/role in a value chain. Within a specified time period, have them physically arrange themselves in a chain according their actor/role in that value chain. It is like creating a human value chain map. Then discuss any actors who placed themselves out of order. Please note to students that they may be assigned the role of a support services actor – these actors should position themselves beside the value chain actors that they interact with, rather than inside the chain itself.
Note that this activity should be introduced following a review of key value chain concepts and working with students to develop simple value chain maps such as Activity 3 above. Students will need this base knowledge and practice before moving on to this activity.

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisherman in Ghana</td>
<td>Every morning you go out and catch 30 fish; 5 for your family and 25 for the fisherman’s association in your village. You go to school during the afternoon. In the morning you and your mother go to the beach and purchase some fish that you then put in a pan that you carry on your head and sell the fish on the street.</td>
</tr>
<tr>
<td>President of a fisherman’s co-op in Ghana</td>
<td>Your co-op was successful in negotiating a contract with the company “Tasty Fish” which processes and cans fish for Gold Eye based in the USA. You have a business where you supply fish to restaurants in an inland town. Every morning you go the village 10 km away in a taxi and purchase directly from the fishermen. Then you deliver fresh fish to 8 restaurants in town.</td>
</tr>
<tr>
<td>Owner of a small trucking company in Ghana</td>
<td>You are responsible for picking up fish daily from 20 fisher folk associations along the coast and taking it to the factory to be processed and packaged. You are the plant manager for the “Tasty Fish” Factory in Ghana. Your job is to ensure quality and oversee the cleaning, processing and canning of fish for Gold Eye based in the USA.</td>
</tr>
<tr>
<td>Representative for World Wide Shipping in Ghana</td>
<td>One of your clients is Gold Eye which is based in the USA. Gold Eye is the brand name for canned fish. You are responsible to transport containers of canned fish produced by Tasty Fish with the Gold Eye label to the Los Angeles port for Gold Eye. You are the marketing manager for Gold Eye in the Western United States. To cut costs, you get other companies to find the fish supply and process and can it, but they put the Gold Eye label on the finished product. One of the companies that provide you finished product is based in Ghana. You have 5,000 retail outlets that sell your canned fish product. Your job is to ensure</td>
</tr>
<tr>
<td>You are a woman who sells fish in a village in Ghana. You buy fresh fish from the fishermen and sell it at the local market from your kiosk. Your customers come from the village and also from town.</td>
<td>You process fish in a village in Ghana. You buy your fish from the individual fishermen and the co-op two times a week. You dry the fish and sell it to traders from the city. You have your own equipment to dry the fish.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>You are a trader with a truck in Ghana. You buy dried fish at small villages and you sell it to wholesalers in the city.</td>
<td>You are a wholesaler in Ghana. One of the products you buy is dried fish. Inland retailers purchase the dried fish.</td>
</tr>
<tr>
<td>You have a small store in a town close to the city in Ghana. You sell many things. Every week you buy a 50 kg bag of dried fish in the city. You pay for transport of the bag on the minivan that takes you to the city and back.</td>
<td>You go to the city several times a week to see your daughter. To earn money, you get fresh fish from the fish cooperative and then take it to the woman who has the facilities to dry fish and pay her to dry it for you. Then you take the dried fish on the bus to the city and sell it on the streets. This not only pays for your transport so that you can see your daughter, but you earn extra money to live from.</td>
</tr>
<tr>
<td>You are a fisherman who goes out every morning and then sells most of what you catch from your boat on the beach when you return to women and youth who then sell them in the village.</td>
<td>You own a large supermarket in a city in Ghana. You sell many items including dried fish products sourced from wholesalers.</td>
</tr>
</tbody>
</table>
2. *Add Value to Agricultural Commodity*

**Overview:**
While conducting market research for a business, students should learn to look for “promising” value chains that currently have market gaps. These gaps are where a business can find opportunities for value addition. Value addition comes in many forms including: packaging, processing, cooling, drying, and extracting. Value-added agriculture is important for students to learn because it can provide access to new markets, extend the producer’s marketing season and increase profit margins. Any value addition should be considered in terms of the product or service, the customer, and the method of payment.

**Key Elements of Competence:**

1. **Identify Customer Preferences for Value Addition** – Value chain development and effective business strategy are end-market or customer driven. The first step in value addition is identifying the customer need that a business’s product satisfies. The key to discovering customer needs and preferences is market assessment, research and analysis.

2. **Identify Key Value Addition Methods** - Develop skills related to common methods of value addition for the particular product of focus for this curriculum, such as parboiling and fortifying rice, processing and preserving vegetables and animal source foods, cooling, packing and storing milk, drying coffee and vegetables, extracting oils, and packaging food products.

3. **Create a product brand** – Part of an effective business plan is developing a marketing and sales plan. This should include a business’s targeting strategy and their chosen marketing mix including price, place, promotion and product. Creating a product brand also includes carefully crafted language to portray the most marketable elements of the product.

4. **Package product** – Product packaging should be performed with special attention paid to the materials used, weight of the package, filling procedure and label application.

**Guidance for Developing TTLM:**
The best way for students to explore value adding opportunities is through careful market research and observation, especially in regards to their target market. A field visit to a market or business would be an excellent way to provide students with the opportunity to conduct real-world market research. Role playing is also an effective way of teaching market research where students conduct mock focus groups and interviews with their classmates. Case studies can also be effective in teaching value addition as they offer students the opportunity to apply value chain and value addition concepts to specific examples.

**Sample Activities:**
Activity 1: Reaching Customers
Divide students into groups of 2 – ask each group to assign 1 student the role of reporter and 1 student the role of listener and follow the assignments below. Give the students 10-15 minutes to work on this exercise in partners and then ask 1-2 groups to share their ideas and debrief the exercise. During the debrief ask the students to identify the lessons that can be learnt and applied to their own businesses from this experience.

Assignment for Reporters:
We have been thinking about your business and our competition in reaching customers. Now we will switch the view and think of you as the customer.

Think about one purchase you made in the past few weeks and answer the following questions, sharing your responses with your partner:

- What influenced your choice?
- As a customer, did you consider more than one source?
- What were the most important elements in making your decision?
- What follow-up have you had with the seller?
- If you were making this purchase again, would you buy the same product/service?

Share your experience with your partner and be prepared to report back to the group.

Assignment for Listeners:
As you listen to the story described by your partner consider the following questions:

- What did the company selling this product/service do to attract this customer?
- How effective was the company’s effort?
- What could a competitor have done to win this purchase?
- What could the company do to get this customer to come back and buy again?

Be prepared to summarize your answers to the wider group.

Activity 2: St. Simon Case Study: Markets Identification Exercise

1. Read the following fictitious description of the fish value chain in St. Simon.
2. Discuss the fish value chain and the different support markets for the fisherfolk and other players in the value chain.
3. Answer the questions at the end of the case and complete the attached worksheets accordingly.

St. Simon is a country rich in natural resources including a beautiful beach and tropical reefs in the coastal province of Masani. The government is trying to encourage ecotourism in Masani. However, currently most people earn a living primarily through fishing and farming.
Most local fisherfolk purchase boats from local boat builders and nets from local net makers. They go out in their boats daily along the coasts to fish. When they return, they sell the fish to local market women. The market women keep the fisherfolk updated on what types of fish are selling well in the market. The market women own stalls in the local market where most families in Masani come to purchase food and other goods. To keep the fish fresh, a local ice delivery service brings ice to the stalls every morning. Some families living on the coast who are too poor to have a boat, provide a mobile boat and motor repair service along the shore in the evenings. The local net makers will repair nets for free for a year after purchase, after which they charge a fee.

The government is trying to reduce fishing from the sea because it damages the reefs which are critical to building up ecotourism in the region. A government agency has provided free training to several local entrepreneurs on how to build fish ponds and develop fisherfolks’ capacity to manage the ponds. This has been a great success. The fish pond builders have built ponds for many fisherfolk who own land in Masani. They build the ponds on credit and allow the fisherfolk to pay them in installments over the first year of operation. They also provide technical assistance in pond management during that first year as part of the deal. These fisherfolk still purchase nets from the local net makers and use their repair services. Traders come directly to the sites of the fisherfolk with ponds to purchase fish and transport it to the capital, St. Elizabeth. The traders tell the fisherfolk what varieties they want and when to harvest the different types of fish to maximize the price. In order to coordinate deliveries, the traders have cellphones which they use to call their wholesalers in St. Elizabeth. Several traders have also subscribed to a market watch service that provides daily prices of common fish varieties over SMS. In order to better coordinate with the traders, a few fisherfolk have also purchased cellphones. The traders sell their fish to wholesalers in St. Elizabeth who sell them to retailers in various parts of the city.
Questions:
1. Fill in the attached diagram to illustrate the 2 existing fish value chains in the fish subsector (that is, the flow of products from inputs to producers to consumers).
2. Identify the support services that enable fisherfolk and other value chain players to function effectively and upgrade their businesses. Include both services coming from outside the value chain and those provided from within the value chain itself. Please note that some SEs can be both suppliers and consumers of services.
3. List the support services in the table below.

<table>
<thead>
<tr>
<th>Service</th>
<th>Customers</th>
<th>Providers</th>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boat repair</td>
<td>Fisherfolk with boats</td>
<td>Poor coastal micro-entrepreneurs</td>
<td>Fee-based</td>
</tr>
</tbody>
</table>


3. Market Agricultural Commodity and/or Related Products

Overview:
Understanding the marketing process and effective marketing strategies is key to developing a successful business in agriculture. The adage “success in agriculture is 10 percent production and 90 percent marketing” portrays an important concept for students to understand. The first step in developing a marketing strategy is to analyze the market information gained from market research and identify marketing requirements for the business’s specific product or service. In order to do this effectively, entrepreneurs must develop SMART (specific, measurable, achievable, results-focused, and time-bound) marketing goals.

To create an effective marking plan, students must learn to align the marketing goals they’ve set with their operations timelines (production goals) to ensure that marketing activities correspond with the ability of the producer to provide the right product, of the right quality, at the right time, in the right quantity and deliver it to the target market. Finally, businesses must develop methods of monitoring their progress towards their goals and evaluating their performance.

Key Elements of Competence:

1. Analyze Market Information – Effective market analysis requires students to identify market trends, opportunities and challenges related to marketing goals. Critical information includes both female and male perspectives, nutrition profiles of target market, past market trends, competitor analysis, legal, ethical and environmental constraints of the market(s).

2. Identify Marketing Requirements – Marketing requirements include promotional materials and the proximity of the market area. Identifying these marketing requirements also entails recording priorities, responsibilities, timelines and budgets.

3. Develop a Marketing Plan – A marketing plan should including the following sections: market research and analysis (including a competitor analysis), marketing and financial objectives and goals, marketing strategies (including promoting nutritional benefit of product if relevant), marketing mix, marketing budget, and monitoring and evaluating market response. In developing a marketing plan it is important that students keep in mind that, above all, marketing is about selling. Effective marketing (selling): a) responds to a problem/need; b) offers a solution to the problem or fills the need; c) persuades the customer to buy now.

4. Implement Marketing Activities – Marketing activities, as well as schedules, targets, impact measurement criteria and distribution channels should be outlined in the marketing plan.

5. Evaluate Market Performance – Methods for evaluating market performance should be outlined in the marketing plan. Each marketing tactic and activity should be evaluated separately against performance targets. One way businesses can monitor the
effectiveness of different marketing strategies is by asking customers how they heard about their business/product.

**Guidance for Developing TTLM**

Talks by industry can be a great teaching method for marketing. Invite successful business owners or other market actors into the classroom to speak to students about their experiences in marketing their products, sharing both their challenges and successes. Shadow days can also be an effective teaching method for marketing lessons. Invite students to visit a business of their choice and shadow the business owner through a typical day. Encourage students to interact with the business owner and interview them about their marketing strategies. Online and media resources are also helpful in teaching marketing. Encourage students to observe and critique different marketing strategies on radio programs and television and share with their classmates.

**Sample Activities:**

**Activity 1: SMART or not**

Review the list of statements below and decide together which are SMART goals. For each statement that is NOT SMART, the team re-writes a SMART goal statement.

*Ex: I want to make more friends.*

- *Is this SMART?*
- *If not, how will you re-write this to make it smart?*

**Goal Statements**

1. We will improve productivity of our dairy herd.

2. We will increase the area we plant in vegetables by 25% for the first growing season this year.

3. We will advertise our products on signboards in town.

4. We will meet the needs of our customers.

5. Our most loyal customers are our own campus community – faculty and students and their families. We will increase sales to these customers by 10% during the next 3 months.

6. We will increase the number of women who benefit from our enterprise by hiring women and reaching more women customers.

7. We will contact 4-6 potential wholesale customers during the next 3 months.
8. We will deliver high quality products.

9. We will increase the commitment of our staff.

10. We will deliver 50 quintals of carrots to each of our two wholesale customers at harvest this season.

Activity 2: Scenarios: Bringing Marketing and Operations Together
Have students read the following scenarios and answer the questions in small groups.

Scenario 1: Valued Vegetable hired a Sales person who was really effective in her work. She met with 6 vegetable wholesale companies in town and secured sales agreements with each of them. Under these agreements Valued Vegetables would supply 5 quintals each of peppers, carrots, and onions to each company each month for 3 months. Unfortunately, Valued Vegetables was only able to produce a total of 30 quintals of onions, instead of the 90 quintals the sales person had committed them to deliver. They produced 150 quintals of carrots and the sales person had only sold 90. They were able to deliver 90 quintals of peppers as the sales person had promised.

1. What can Valued Vegetables expect the response from the 6 customers to be?
2. As the Operations Manager of Valued Vegetables, what would you do?
3. Estimate the cost of not coordinating production and marketing.

Scenario 2: A farmer who produces onions and tomatoes invests in seeds of improved varieties, uses an irrigation system to deliver water to the crops efficiently and carefully manages weeds and pests. As a result, he has a great harvest. However, when he brings his product to the trader, he finds that the trader has an over-supply of onions and tomatoes and is only willing to offer a price that doesn’t cover the cost of his production.

1. What advice can you offer to the farmer?
2. What advice can you give to the trader?
3. Estimate the cost to the farmer of not coordinating production with the market.

Scenario 3: Maryam has developed a business making soap. The product uses locally produced oils and is beautifully scented with natural herbs. Maryam has invested in attractive packaging materials and is presenting her products to shops in her nearby town. The first shopkeeper tells her that her products are too expensive for his customers. The second shopkeeper tells her that her products are too expensive for his customers. The first shopkeeper tells her that her products are too expensive for his customers. The second shopkeeper tells her that her products are too expensive for his customers. The second shopkeeper tells her that her customers aren’t interested in buying specialty soaps. The third shopkeeper allows her to
display her soap in his shop but will only pay her when it is sold. After 6 weeks she has had no sales.

1. What advice can you offer to Maryam?
2. Estimate the cost to Maryam of not coordinating production with the market.

**Scenario 4:** You are the sales person for Valued Vegetables. You meet with vegetable wholesale companies and present the range of organic vegetables your company will produce. You secure orders for 90 quintals of peppers to be delivered at harvest.

Unfortunately, the pepper crop is attacked by pests and while Valued Vegetable is able to bring the infestation under control, the peppers they harvested were quite small, not well formed and amounted to only 60 quintals.

1. What do you believe the customer will do?
2. What advice do you give to the Valued Vegetables sales person?
3. Estimate the cost to Valued Vegetables of not coordinating production and marketing.
4. **Plan Business**

**Overview:**
Steps to starting or growing a business include conducting business research and analysis, creating a business model and finally, developing the model into a full-fledged business plan. A business plan is a document that maps an enterprise’s plan for prosperity. It describes the enterprise, what it produces and how it produces it, how it markets its products, the risks its faces and how to deal with them, and its financial situation and financing needs.

**Key Elements of Competence:**
1. **Determine Scope** – A team is required to determine the scope of a business plan with key and specialist personnel. The business plan should be based on accurate market information which was gathered and assessed using sound research methods. The scope of the business plan should incorporate trends and seasonal variations, strategic goals, targets and directions.
2. **Prepare Business Plan** – A comprehensive business plan should be based on a previously completed business model which includes nine key elements. The business plan should identify and incorporate operational goals and targets, supply chains, gender needs, risk management needs and indicators of operational performance.
3. **Document and Review Business Plan** - The business plan document should include the following elements: company profile, key personnel, market environment and customer overview, marketing and sales plan, operations plan, environmental and social plan, risk management and performance management plan, and financial plan. Business performance should be measured against the business plan which is continually altered and improved as new information becomes available through monitoring and evaluation activities.

**Guidance for Developing TTLM:**
Picture making is a great way to teach business planning. Ask students to work in groups to develop a business model for a business they may like to start in the future. Peer learning is also an effective way of teaching business plans. Have students take turns presenting their business models/plans to each other and have them offer constructive criticism and encouragement to each other. Online and media resources are also a great way for students to learn more about business modelling (see resource section).

**Sample Activities**

**Activity 1: One Page Business Model Template**
Have students complete the one page business model template below. Discuss their answers.
<table>
<thead>
<tr>
<th></th>
<th>Customer Problem/Need</th>
<th>Existing Alternatives</th>
<th>Solution/Value Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- What is the customer problem or need which you want to address?</td>
<td>- What is currently available and what alternative products or services are available to the customer?</td>
<td>- What is my solution or value proposition and why is that better than the existing alternatives?</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Segment or Customers</td>
<td>Channels/Marketing</td>
<td>Key Resources/Stakeholders</td>
</tr>
<tr>
<td></td>
<td>- Which segment of the market am I best able to provide a competitive solution?</td>
<td>- How will I reach my target market segment? Which market channels will I use?</td>
<td>- Who and what are the key resources required to make this business successful?</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Success Measurement</td>
<td>Revenue/Business Value and Cost Structure</td>
<td>Capital Requirements and Funding Sources</td>
</tr>
<tr>
<td></td>
<td>- How will I measure success?</td>
<td>- What are the revenue streams and their potential?</td>
<td>- What capital do I require to finance the growth of my business?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- What are my costs and what are they dependent on?</td>
<td>- What are my current funding sources? What other funding sources can I access?</td>
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</tbody>
</table>
Activity 2: Shark Tank:
Find a Shark Tank pitch on Youtube online (e.g. https://www.youtube.com/watch?v=sGur59F52fs). Watch the entrepreneur “pitch” their idea and then pause the video to discuss the contestant’s idea and potential for profit. Then finish the clip to see whether the “sharks” choose to fund the product or service. Finally, discuss the key elements of the business presented as well as strengths and weaknesses of the business idea with your students. Ask them, would they fund this business? What would they do differently?
5. Manage Finances

Overview:
The two central concerns of financial managers is a) whether or not the business has the money necessary to cover current costs and invest in growth and b) whether or not the businesses is using all of its resources as efficiently as possible. In order to gather and track this information, a financial manager must develop skills in preparing and analyzing financial reports, and applying lessons learned.

Key Elements of Competence:
1. Prepare Budget/Financial Plan - To prepare a financial plan, financial needs must be prioritized and past financial records must be analyzed to make future projections based on past data. The financial plan outlines financial assumptions and forecasts, the current budget and the capital requirements and financing plan.

2. Implement and Monitor Budget - In order to budget effectively, business owners and/or finance managers must prioritize financial needs. Financial reports should also be continuously monitored and analyzed. Receipts and payments should be monitored and reconciled against the original budget. The impact on overall profit/loss and cash flow should also be reconciled. Finally, financial plans should be periodically adjusted based on data from continuous evaluation.

3. Maintain Records of Expenses – Financial transaction should be recorded using appropriate forms and financial statements must be periodically analyzed.

4. Access Funding Sources – The business owner and management team must identify potential sources of financing through financial actors such as microfinance banks, government institutions and ATVETS, or other value chain actors (through value chain financing) such as an aggregator, farmer cooperative, processor or trader. Warehouse receipts or lease financing are also options.

Guidance for Developing TTLM:
Role play is a great way to encourage students to think through financing options within the value chain. Have students role play as different value chain actors with different financing needs/financing services (see sample activity below). Peer learning, is another helpful way to practice financial planning. Have students pair up after they have completed a draft of a financial plan and critique one another’s plan. There are also a number of online sources of information about financial planning. For example, the YouTube Channel for Agriculture Finance, has useful videos, particularly on value chain finance (see resource section). Students can also look at case studies from other businesses, analyzing their financial statements to better understand how to interpret their own financial reports and monitor business financial performance (see sample activity below).
Sample Activities:

**Activity 1 – Financial Analysis Case Study** – Provide students with the sample budget below for Tedros’ Input Supply Shop. Ask students to review the budget in small groups and discuss the following questions:

1. What are the most significant costs to the business?
2. Has Tedros thought about all his potential costs? What other costs might he need to consider?
3. Does he have sufficient financing available?
4. What other financing sources might he access?

Give students 10 minutes to discuss and then debrief as a group. Ensure the following key points are highlighted if not raised by the group:

- He has identified the one-time costs he will have as he sets up his business,
- He has also identified the costs that will be on-going costs that he will need to plan for.
- He then identifies the sources of funds he will be able to tap into. In his case, Tedros has been planning for this business for quite a while and has saved up 130,000 to invest in his start up. He has also secured a private loan to buy his first inventory.
- You will note that he has just 13,000 extra over his budget. This is very tight but start-up businesses are often working with slim margins at the beginning. When he sees this Tedros can already anticipate that he will probably need to find additional resources to invest in his business in the early years.

**Sample Budget**

<table>
<thead>
<tr>
<th>TEDROS Input Supply - BUDGET AND CAPITAL REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start-up Requirements</strong></td>
</tr>
<tr>
<td>One Time Purchases</td>
</tr>
<tr>
<td>Computer</td>
</tr>
<tr>
<td>Mobile Phones</td>
</tr>
<tr>
<td>Motorbikes</td>
</tr>
<tr>
<td><strong>Ongoing Costs</strong></td>
</tr>
<tr>
<td>Shop Lease</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Salaries</td>
</tr>
<tr>
<td>Inventory</td>
</tr>
<tr>
<td><strong>Total Start-up Expenses</strong></td>
</tr>
</tbody>
</table>
Activity 2: Peruvian Artichoke VC Role Play

INSTRUCTIONS:
Distribute different value chain actor “roles” below. As artichokes are not common in Ethiopia you may want to substitute another crop or simply provide a picture and explain what an artichoke is and show a picture before starting this activity. You can give more than one student the same role. Students must take on the role of the value chain player they have been assigned and follow the instructions on the card. The two key tasks are the following:

1. Discuss your demand for credit with appropriate credit providers (financial institutions or value chain actors) and receive a yes/no
2. Make a note (mental or written) of the reasons why you received the answers you did:
   - Risks
   - Lender’s incentive/potential gain
   - Appropriateness of financial ‘relationship’ between the two actors.

Be sure to leave time at the end of the activity to debrief this activity. During the debrief, ask each actor to explain their role and experience (for roles where multiple people played the same actor just get one volunteer and ask others to add anything that might be missing):

- For those looking for financing – Who did you approach for financing? Were you able to get financing? What kinds of questions did they ask you?
- For those offering financing – Did you offer financing to anyone? For whom? What factors did you consider in your decision?
- For the market observer – What types of trends did you see?

ACTOR CARDS:

Green Bean Export Wholesale Company

You are a very large, international wholesaler of processed vegetables (including artichokes) primarily to the United States and Europe. Given the strength of the international market for processed artichokes, you are willing to offer a contract with a set price of $0.26/oz. for canned artichokes to processors for an unlimited supply, as long as the quality requirements are met. You will also consider offering advances at the beginning of the season. You sell on credit to your end clients (retailers) at $0.28/oz.

ACTION: You will be contacted by green bean processors for financing. You will need to decide whether or not you will provide an advance to the processor. Keep in mind that there is competition for the limited supply of artichokes in Peru from other wholesalers. You can also go to the local Peruvian bank to see if you can help the processor directly access finance.
Artichoke Processing Company
You are a representative from Agromantaro, a medium-sized domestic processor of a variety of vegetables, including artichokes. Given that there is strong demand for processed artichokes, you try to buy as much raw artichoke as possible. However, since the greatest demand is for high quality artichoke, you pay a significantly higher price for top quality artichokes ($0.18/oz.). Since your artichoke processing facility is only operating at 30% capacity, you are willing to make significant investments in expanding the supply of Peruvian artichokes, as well as in improving the quality. While you would prefer to buy from a few large farmers, the majority of farm land is owned by smallholders in Peru. Hence, you are willing to provide artichoke seedlings to farmers who can pay for them after harvest. In addition, you are willing to guarantee the price at which any quantity will be purchased in that year (agreed upon in writing). To maximize the farmers’ production, you also provide free technical advice on how to care for and when to harvest the artichoke to achieve the highest quality level. Based on this price, farmers can make nice profits over the three year production cycle of artichokes, as outlined in the table below.

PROFIT POTENTIAL OF ARTICHOKES PER HECTARE
Year Net Profits (Dollars)
First year $896
Second year $1,194
Third year (mature crop) $1,343
TOTAL US$3,433

ACTION: Go to the wholesaler to see if you can access finance directly there, keeping in mind that the wholesaler has other artichoke processors it can buy from. Remember that you want to solidify a long-term relationship with the wholesaler. Then, go to the commercial bank to see if you can access finance directly from the bank. You will also have an opportunity to encourage farmers to grow artichokes.

Small Non-Artichoke Farmer
You are a small farmer who owns 5 hectares of land, but you do not have an official land title. You usually grow potatoes, but the price of potatoes was so low last year that you lost a significant amount of money. You have been approached by Agromantaro to grow artichokes to sell to Agromantaro to process into canned and bottled artichokes, which they say has a strong demand on the international market, although you have never even eaten them yourself. To grow artichokes, you will need to buy fertilizer, artichoke seedlings and pay for water and day laborers.
**ACTION:** Go first to one financial institution (bank or microfinance institution) to request financing to grow artichokes. Then go to the processor to see if you can access finance there.

**Small Artichoke Farmer**

You are a small farmer who owns 5 hectares of land, but you do not have an official land title. Last year, you grew 2 hectares of artichokes for Agromantaro, which processes the artichokes into canned and bottled artichokes. You signed a contract with Agromantaro last year, which guaranteed the price you would receive based on quality of the produce. In addition, Agromantaro provided technical assistance at no additional cost and gave you the seedlings to invest, which you paid for only after harvest. You made a nice profit last year, which Agromantaro had projected (see table below), so you are considering expanding your investment in artichoke to include all 5 hectares. You are hoping that last year’s success will help to improve your access to finance this year.

**PROFIT POTENTIAL OF ARTICHOKES PER HECTARE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profits (Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First year</td>
<td>$895.52</td>
</tr>
<tr>
<td>Second year</td>
<td>$1,194.03</td>
</tr>
<tr>
<td>Third year (mature crop)</td>
<td>$1,343.28</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>US$3,433.28</strong></td>
</tr>
</tbody>
</table>

**ACTION:** Go first to a microfinance institution to request financing to grow artichokes. Then go to the fertilizer distributor to see if you can access finance for fertilizer.

**Large Artichoke Farmer**

You are a large farmer who owns 20 hectares of land (you have the official land title). You grow a variety of crops to reduce your risks associated with any individual crop. You began growing 5 hectares of artichokes for the processor, Agromantaro, last year. You found it to be quite profitable, so you are considering expanding your investment in artichokes, but will determine the amount of land to use to grow artichokes based on the terms available for the inputs you will need, including fertilizer, artichoke seedlings and day laborers.

**PROFIT POTENTIAL OF ARTICHOKES PER HECTARE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profits (Dollars)</th>
</tr>
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<tr>
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<td>$1,343</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>US$3,433</strong></td>
</tr>
</tbody>
</table>
**ACTION**: Go first to the commercial bank to request financing to grow artichokes. Then go to either the fertilizer input supplier to see if you can access a volume discount and/or finance there.

**Peruvian Fertilizer Input Supplier**
You sell fertilizer directly to farmers as well as to independent fertilizer distributors (retailers). You offer a 90 day grace period to pay for the fertilizer and offer discounts for volume or those who pay cash. Note that 90 days is the crop cycle (amount of time) needed for artichoke seedlings to be harvested. Because you prefer to sell larger volumes of fertilizer, you do not sell directly to small producers as it is not profitable.

**ACTION**: You will be approached by fertilizer distributors (retail agents) and large farmers who are interested in buying your fertilizer. Determine what terms you are willing to offer to each potential client for the amount they are requesting and let them know.

**Peruvian Retail Fertilizer Distributor**
You travel to rural areas to sell fertilizer to farmers. Your greatest limitation to expanding your market is the lack of farmers’ knowledge on the benefits of using fertilizer. So, you provide advice to farmers at no additional cost on how to apply the fertilizer to maximize production. You allow farmers to pay for the fertilizer just after harvest and offer discounts for volume or for those farmers who pay in cash.

**ACTION**: Go to the fertilizer input supplier to purchase inputs and see what terms you are able to get for a large purchase (volume discounts, access to finance, etc.). Then, you will be approached by small farmers (or you can approach farmers) who may interested in buying fertilizer. Determine what terms you want to offer based on the information they provide and let them know what these terms are.
**Peruvian Microfinance Institution**
You are a loan officer of a commercial microfinance institution (MFI) with a successful track record of lending to urban microenterprises. Most of your microenterprise loans are non-collateralized, based on 3-4 month terms with biweekly loan installments and pay an interest rate of 2% per month (24% annualized). The MFI is now trying to expand into more rural areas, but is nervous of lending directly to agricultural producers, primarily due to large losses and government intervention in the past. Nonetheless, the MFI wants to expand its loan portfolio, as long as it can be fairly confident of successful repayment. You do not require the farmer to have an official land title but you do want some assurance that the loan can be repaid from the revenues to be generated from the agricultural activity.

**ACTION:** You will be approached by small farmers interested in loans to grow artichokes and you will need to decide whether you believe that he or she could successfully repay a loan for artichoke farming. After asking some questions, let the farmer know whether or not they are eligible for a loan.

**Peruvian Commercial Bank**
You are a loan officer at a commercial bank. The bank only wants to deal with large loan requests, as long as the loan is at least 100% collateralized. You are willing to lend to agri-businesses, but not directly to farmers due to past losses and inappropriate government interventions.

**ACTION:** You will be contacted by several actors within the artichoke value chain who would like access to finance – this could be businesses or large producers. Ask questions to determine whether or not you will lend to them and let them know your answer.

**Value Chain Observer**
You are a value chain observer. Your job is to observe the interactions between actors in the value chain and assess the negotiations and discussion taking place and determine the types of relationships being built.

**ACTION:** Observe the discussions taking place between value chain actors and record the most important points. What is working? What are some of the challenges? You will be called upon to share your findings with the group.
Small Artichoke Farmer
You are a small farmer who owns 5 hectares of land, but you do not have an official land title. Last year, you grew 2 hectares of artichokes for Agromantaro, which processes the artichokes into canned and bottled artichokes. You signed a contract with Agromantaro last year, which guaranteed the price you would receive based on quality of the produce. In addition, Agromantaro provided technical assistance at no additional cost and gave you the seedlings to invest, which you paid for only after harvest. You made a nice profit last year, which Agromantaro had projected (see table below), so you are considering expanding your investment in artichoke to include all 5 hectares. You are hoping that last year’s success will help to improve your access to finance this year.

**PROFIT POTENTIAL OF ARTICHOKES PER HECTARE**
*Year Net Profits (Dollars)*
- First year $895.52
- Second year $1,194.03
- Third year (mature crop) $1,343.28
- TOTAL US$3,433.83

**ACTION**: Go first to a microfinance institution to request financing to grow artichokes. Then go to the fertilizer distributor to see if you can access finance for fertilizer.
Activity 3: Value Chain Finance
Watch Video - What is Value Chain Finance: The Case of HDFC, India. Then, lead the class through the following list of questions and discussion items.
https://www.youtube.com/watch?v=-7bRNxAHBF8

Q: Why does value chain finance work well for financing agriculture?
A: Because it aligns incentives and shares costs and risks between agribusiness partners operating within the same chain. It also provides a model for banks to finance small producers who they would not typically finance individually.

Q: How does value chain financing work?
A: Value chain financing is centered around an aggregator or off-taker (farmer cooperative, processor or trader) who has good relationships with a large number of small suppliers.

Q: How does the aggregator or off-taker benefit from value chain finance?
A: The aggregator or off-taker benefits in two ways:
   a. They are only required to take the small risk of providing the first loss guarantee rather than the larger risk of directly financing suppliers
   b. They no longer need to utilize their own funds to finance suppliers

Q: How does the bank benefit from value chain finance?
A: The bank benefits in three ways
   a. VFC limits risk exposure
   b. It widens client base
   c. It minimizes transaction costs

Discussion Items
- What are the opportunities for value chain finance in the value chains we are working in?
- What are the barriers to value chain finance in the value chains we are working in?
- What are the unique barriers that small producers in this region face in gaining access to financing?
- What can we do to improve relationships between aggregators/off-takers and producers?
6. Manage Business (Level IV)

Overview:
Key elements of business management include managing operations, finances and marketing. These are the most important themes to present in a business plan and represent what a manager must be most concerned with.

Key Elements of Competence:
1. Develop and Communicate Strategic Work Plan – The business plan format is the most effective way of developing and communicating a strategic work plan with the business team. The business plan should take into consideration environmental risks, gender equality concerns, business objectives, operations activities and schedules, monitoring and evaluation tools and plans, risk management, marketing, a financial plan and success measurement. This plan should be shared with business partners and key stakeholders.
2. Identify daily work requirements and develop effective work habits – Managing a business requires excellent interpersonal and leadership skills. A business manager must work to create a positive working culture addressing environmental and gender concerns. They should also have strong time-management skills and thoughtfully identify and manage input resources (materials, customers, facilities and staff).
3. Manage Marketing of the enterprise - Marketing management involves the following activities: market research and analysis (including a competitor analysis), the development of marketing and financial objectives and goals, marketing strategies, a marketing mix, a marketing budget, monitoring and evaluating market response and making necessary adjustments based on this information.
4. Manage Human Resources – Managing human resources requires an in-depth knowledge of human resources rules, regulations, law and procedures. It also involves the development of careful and thorough procedures for recruitment, candidate selection and staff performance monitoring. Above all, it requires leadership skills, employee engagement, and mechanisms for employee feedback.
5. Manage Operations – Business operations are the processes of transforming input resources (materials and/or customers as well as facilities and staff) and transforming them into outputs (products and services). The operations manager is responsible for managing people, assets, and costs (efficiency).
6. Manage Financial Records and use for Decision-Making – Maintaining complete, accurate and current financial records is essential to a successful business. Key financial records include an income statement, cash flow statement and budget and capital requirements profile. The content of these records should be carefully considered before making future financial decisions for the business.
7. Monitor, Manage and Evaluate Work Performance – Managers should develop a performance management plan which indicates the goals for the business and plans for
meeting these goals. The plan should also include performance objectives (desired goals, outputs, outcomes, and deliverables), performance indicators (how we will measure performance for each objective) and performance targets (specific, measurable, achievable, relevant and time-bound).

**Guidance for Developing TTLM:**
Role playing is a great way for student to practice business management. Have students “play the part” of a business manager and an employee in situations where the manager must give feedback to an employee who is falling short of expectations (see activity 1 below). A helpful way to teach students about environment and gender-sensitive business practices is through online video resources (see activity 2 below). There are also many resources available on the internet that give examples of socially-responsible businesses. Talks by industry is another way to teach business management to students. Have business managers visit the classroom to discuss their experiences with business management including challenges they’ve faced and successes they’ve had in managing finances, human resources, operations, etc.

**Sample Activities:**

**Activity 1: Role play – giving feedback**
Have the students divide into groups of two. Each student will take turns acting as Abdul and the Manager. Have them read the instructions below and then role play within their groups.

Abdul, a Loans Officer, has been with the institution for five years. During his time with the institution he has been a consistently good performer and achieves his financial targets 90% of the time. A new branch is going to be opening within the next six months and as his manager, you would like to promote Abdul to the new Branch Manager’s position.

Although he is very good at achieving his targets, Abdul does not demonstrate the best teamwork skills. He likes being recognized for being one of the top revenue producers and seems unwilling to share his expertise with other loans officers. As his manager, you would like to start grooming him for the Branch Manager’s position.

You have asked Abdul to come to a meeting to discuss this opportunity with him. In the meeting you need to give Abdul constructive feedback on how you perceive him related to his teamwork skills. The goal of the meeting is to:

- Inform Abdul you are considering him for the Branch Manager’s position and why you feel he would be good for the position;
- Ask Abdul whether he would like the opportunity to be a Branch Manager;
- Discuss he teamwork skills and put a plan in place to improve them.
As the manager, prepare to follow the steps given below on ‘giving constructive feedback’ as closely as possible:

Giving Constructive Feedback:

• Focus on specific behavior - state what you observed
• Ensure Abdul understands that you are concerned about his teamwork skills
• Use active listening (ask questions; have Abdul paraphrase or summarize what you said)
• Explain to Abdul the importance of developing his teamwork skills so he can be a good manager
• Gain Abdul’s agreement that he would like the Branch Manager’s position
• Ask Abdul for some suggestions on how he can meet your expectations – try and draw out a couple of suggestions by asking questions
• Give any ideas you have
• Agree together on an action plan
• Set up a follow up time to discuss Abdul’s progress

As Abdul, you are pleased that you are offered this opportunity but you are concerned about how it’s going to impact your overall salary - will you make the same in incentives. You think you are a good team player so need your manager to give examples of why he/she feels you are not. Do not be an extremely difficult employee. You do want this position and will come up with ideas to improve your teamwork skills.


Watch Video - The Case for Letting Business Solve Social Problems. Then, lead the class through the following list of questions and discussion items:

https://www.ted.com/talks/michael_porter_why_business_can_be_good_at_solving_social_problems

Q: What is the problem with expecting non-governmental organizations, social institutions and governments to solve social problems?
A: They don’t have enough resources (charitable donations, tax revenue) to scale the solutions. They can’t make a large enough impact in a short period of time.

Q: How is wealth created?
A: Wealth is created through businesses that meet needs at a profit.

Q: Why have many businesses not concerned themselves with social problems in the past?
A: Conventional wisdom was that business profits from causing social problems (e.g. businesses don't provide safe working environments because they are too expensive which leads to employee accidents and injuries)

Q: Is this convention wisdom correct?
A: No, time and research has shown that solving social problems is actually very profitable. (e.g. safer working environments and healthcare for employees is more profitable because it makes them more productive.)

Q: How can we tap into business resources and organizational capacity to solve social problems?
A: We have to help businesses change the ways they see themselves and change the way that people see business. Governments and social organizations should partner with businesses to have the greatest impact on social problems.
PART 3 - RESOURCES

Business Planning and Management Resources
1. MaRS: Business Model Design
2. MaRS: Crafting Your Value Proposition
3. MaRS: Developing a Financing Strategy for Your Company
4. MaRS: The Business plan and Executive Summary
5. USAID: Marketing Basics Course on Agroenterprise and Market Development for Field Agents
6. USAID: Seven Steps of Marketing Course on Agroenterprise and Market Development for Field Agents
7. Producing a Business Plan for Value-Added Agriculture

Entrepreneurship Resources
1. DSW: Entrepreneurship Development Training Manual
2. USAID: The Entrepreneurship Toolkit

Value Chain Development Resources
1. BEAM Exchange
   https://beamexchange.org/
2. MEDA Market Research for Value Chain Initiatives Toolkit

3. MEDA Program Design for Value Chain Initiatives Toolkit
   http://www.fao.org/3/a-at403e.pdf

4. MEDA: Value Chain Development and the Poor

5. MEDA/FAO: Agricultural Value Chain Finance: Tools and Lessons
   http://www.fao.org/docrep/017/i0846e/i0846e.pdf

6. Microlinks: Value Chain Wiki
   https://microlinks.org/good-practice-center/value-chain-wiki

7. USAID: Key Elements of the Value Chain Approach

   http://siteresources.worldbank.org/INTARD/Resources/Building_Competitiveness_in_Africa_Ag.pdf

8. Youtube channel for agriculture finance videos
   https://www.youtube.com/user/AgriFin